

Division of Tourism, Film and the Arts Procurement
Exemption Report

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Maryland Department of Business and Economic Development
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DIVISION OF TOURISM, FILM AND THE ARTS PROCUREMENT EXEMPTION REPORT

Executive Summary

The Division entered into three (3) cooperative marketing agreements in Fiscal Year (FY) 2011 under the Maryland Department of Business & Economic Development (DBED) tourism procurement exemption authority. This authority exempts DBED from some of the requirements of State procurement law regarding certain marketing activities related to the promotion of tourism.

Under this authority, DBED contributes no more than 50% of total project costs. This has been a great opportunity for the State to pay less for more products/services and receive increased economic benefits. The attached chart describes each project in terms of actual dollar amounts committed, and below is a brief summary of each project. All cooperative marketing projects under this exemption were reviewed by the Department's Assistant Attorney General and approved by the Secretary of DBED or his designee prior to implementation.

Capital Region USA

The Capital Region USA (CRUSA) is a non-profit tourism coalition comprised of and funded primarily by the Maryland Office of Tourism, the Virginia Tourism Corporation and Destination DC, with significant support from the Metropolitan Washington Airports Authority. CRUSA strives to increase visitation and economic impact to the region from selected international markets by implementing innovative marketing programs and public/private sector partnerships. In FY 2011 it successfully leveraged Maryland's contribution by more than 8 to 1.

Formed in 1991, CRUSA has created a strong, unified marketing effort to attract the lucrative overseas visitor from our primary markets of the United Kingdom and Germany, and our secondary markets of France, The Netherlands, Belgium, Mexico and Brazil by combining limited marketing funds from each partner. Investments by each partner funded a fully integrated, professionally managed international marketing campaign in FY 2011 with a budget nearing \$1.7 million representing a leverage factor of more than 8 to 1. CRUSA generated \$1.3 million in cash and in-kind contributions to support its marketing programs from corporate sponsors, grants, tour operator partners and suppliers across the region.

CRUSA, since its inception, has promoted the development and growth of the international visitor market to Maryland and the region. This cooperative relationship has increased the economic impact of international travel to Maryland. Maryland private sector participation in CRUSA programs, such as familiarization tours, promotions, electronic marketing initiatives and advertising indicates continuing support for this international marketing initiative.

The value of the dollar to the Euro and other international currency had made America an economically attractive travel destination the last few years. President Obama signed into law the first-ever national travel promotion and communications program to attract more international travelers to the U.S. CRUSA is uniquely poised to take advantage of the increased international attention on the U.S. as a travel destination.

Capital Region USA's marketing efforts are designed to increase visitor volumes and spending from our selected overseas markets. The U.S. Department of Commerce conducts its annual Survey of International Air Travelers (SIAT) from which visitor volumes and spending figures are calculated. This information arrives 6 months after the close of each calendar year. The 2010 survey reported that overseas arrivals to Maryland grew by 1%, to a record 264,000 visitors, while spending declined by 14%, to \$210 million, due to a decline in the length of stay in Maryland from nearly 13 nights to nearly 10 nights. During FY 2011, CRUSA continued its research project with the Department of Commerce to expand the number of surveys being distributed in the region through the SIAT. This project generated a total of 3,199 surveys, a 67% increase from 2008, resulting in more credible data on overseas arrivals and economic impact for the Capital Region. An effort to collect additional surveys at Baltimore/Washington International Airport was also initiated in FY 2011.

CRUSA specific measurements for FY 2011 include 97 tour operator promotions that helped generate 53,000 room nights across the region; participation at 19 trade shows and workshops; completion of 503 sales calls and destination training for 754 tour operator and travel agency staff members across all markets; eight tour operator fam tours and four consumer promotions that generated 11,108 clicks to the CRUSA website. Public relations efforts garnered more than 640 million media impressions with an earned media value of \$11.8 million. CRUSA launched new websites in Korean and Mandarin Chinese in FY 2011 to complement existing sites in English, German, French, Spanish and Portuguese, reaching 124,645 unique visitors and generating 406,737 page views, a 107% increase year over year.

Visit Baltimore

The Maryland Office of Tourism entered into a cooperative marketing agreement with Visit Baltimore to co-host the inaugural AIBTM, the Americas Meetings & Events Exhibition. This was the first time that a show of this magnitude has been held in the United States. Baltimore joined Barcelona, Abu Dhabi, Beijing and Melbourne, Australia as the host city of one of Reed Travel Exhibitions' global hosted buyer shows.

AIBTM changed the way meetings & events tradeshow are done in the United States due to their signature appointment-driven hosted buyer program. Reed pre-qualifies meeting & events buyers who then receive complimentary travel and/or accommodations for committing to attend pre-scheduled appointments with exhibitors.

More than 700 exhibitors in 183 exhibit spaces filled the Baltimore Convention Center for the opportunity to meet one-on-one with these highly qualified prospects. Thirty Baltimore and

Maryland travel partners exhibited in a joint 50x45 Baltimore-Maryland Pavilion, which commanded a major presence on the tradeshow floor.

The inaugural 2011 AIBTM attracted more than 2,000 meeting and incentive planners from the U.S. and abroad, many who had never visited Maryland before. Maryland Pavilion Partners reported positive results from their appointments with travel planners, booking large groups of 3,000 to 5,000, as well as hosting meeting planners both before and after the tradeshow.

Another success measurement is the fact that an overwhelming number of 2011 exhibitors are returning to Baltimore for the 2012 AIBTM, with the trade show floor already more than 60 percent sold, nine months out from June. Returning in 2012 and doubling their booth space are Destination DC, Fort Worth Convention & Visitors Bureau, the Chicago Convention & Tourism Bureau and the Boston Convention Bureau, to name a few destinations Maryland competes with. Visit Pittsburgh is one of many new destinations signed to exhibit in 2012.

The Tourism Council of Frederick County

The Maryland Office of Tourism entered into a cooperative marketing agreement with the Tourism Council of Frederick County to jointly produce an economic impact study to measure the effect of tourism spending at the county and State level. This study is vitally important for the State and the counties to demonstrate the impact of visitor spending and activity on Maryland and its jurisdictions. The cooperative agreement is with Frederick County, Maryland Office of Tourism Development and the research provider, Tourism Economics.